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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): OCTOBER 26, 2006

UNIFI, INC.
(Exact name of registrant as specified in its charter)

NEW YORK

(State or other jurisdiction of incorporation)

1-10542

11-2165495

(Commission File No.)

(IRS Employer Identification No.)

7201 WEST FRIENDLY AVENUE
GREENSBORO, NORTH CAROLINA 27410

(Address of principal executive offices)

(336) 294-4410

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (SEE General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 26, 2006, Unifi, Inc. issued a press release announcing its operating results for its first quarter ended September 24, 2006, which press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information included herein, as well as Exhibit 99.1 referenced herein, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

EXHIBIT

NUMBER

99.1

DESCRIPTION

Press Release, issued by Unifi, Inc. on October 26, 2006 announcing its operating results for its first quarter ended September 24, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned, thereunto duly authorized.

UNIFI, INC.

By: /s/ Charles F. McCoy

Name: Charles F. McCoy
Vice President, Secretary
and General Counsel

Dated: October 26, 2006

EXHIBIT INDEX

EXHIBIT NO.

DESCRIPTION

99.1

Press Release, issued by Unifi, Inc. on October 26, 2006
announcing its operating results for its first quarter
ended September 24, 2006.

For more information, contact:
William M. Lowe, Jr.
Vice President
Chief Operating Officer
Chief Financial Officer
(336) 316-5664

UNIFI ANNOUNCES FIRST QUARTER RESULTS

GREENSBORO, N.C. - OCTOBER 26, 2006 - Unifi, Inc. (NYSE:UFI) today released operating results for its first quarter ended September 24, 2006.

Net income for the current quarter, including discontinued operations, was a net loss of \$11.1 million or \$0.21 per share compared a net loss of \$3.1 million or \$0.06 per share for the prior September quarter, which included \$1.9 million of income from discontinued operations due to a gain on the sale of the Company's property located in Ireland. Net income from continuing operations for the current quarter was a net loss of \$11.0 million or \$0.21 per share compared to a net loss of \$4.8 million or \$0.09 per share for the prior September quarter.

Net sales from continuing operations for the current September quarter of \$169.9 million were down \$13.2 million or 7.2% compared to net sales of \$183.1 million for the prior year September quarter.

"We were near the low-end of our forecast for the quarter, as our results were impacted by several unexpected items. First, rising raw material prices above our expectations resulted in a \$1.5 million LIFO charge to earnings. Second, we increased our bad debt reserve \$1.0 million more than usual as we reviewed our risks in certain customers, and the unexpected continued increase in raw material in September slowed volumes rather dramatically in the month of September in both the U.S. and China as fabric mills worked through existing inventories rather than pay the higher prices for polyester," said Bill Lowe, Chief Operating Officer and Chief Financial Officer for Unifi. "While gasoline prices fell in September, our prices continued to increase. Raw material prices are expected to ease during the December quarter, and we've already seen a decline in October. Soft retail sales, especially in home upholstery, continued to have an effect on our volumes as well. Even with these challenges, Unifi posted an improvement in gross margin for the current quarter as compared to the prior year September quarter."

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UNIFI ANNOUNCES FIRST QUARTER RESULTS - PAGE 2

Total debt at the end of the current quarter was \$204.0 million, which is a reduction of \$60.6 million over the \$264.6 million in debt at the end of the prior year September quarter. Cash-on-hand at the end of the current September quarter was \$29.5 million, down from the \$90.7 million cash-on-hand at the end of the prior year September quarter but essentially unchanged since June 2006.

Brian Parke, Chairman and CEO of Unifi said, "While our polyester segment was negatively affected this quarter by several factors, our nylon segment continues to benefit from our previous consolidation efforts. Nylon volumes were slightly up from the June 2006 quarter and coupled with consolidation savings resulted in an improvement over last year September of \$0.8 million in operating profit. While we expect polyester volumes to return slowly during the current quarter and raw material prices to decline, we expect this next quarter to look very similar to our quarter ended this September from a volume perspective."

Unifi, Inc. (NYSE: UFI) is a diversified producer and processor of multi-filament polyester and nylon textured yarns and related raw materials. The Company adds value to the supply chain and enhances consumer demand for its products through the development and introduction of branded yarns that provide unique performance, comfort and aesthetic advantages. Key Unifi brands include, but are not limited to: aio(R) - all-in-one performance yarns, Sorbtek(R), A.M.Y.(R), Mynx(R) UV, Repreve(R), Reflexx(R), MicroVista(R) and Satura(R). Unifi's yarns and brands are readily found in home furnishings, apparel, legwear, and sewing thread, as well as industrial, automotive, military, and medical applications. For more information about Unifi, visit <http://www.unifi.com>.

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Financial Statements to Follow

UNIFI, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited) (In Thousands Except Per Share Data)

	FOR THE QUARTERS ENDED	
	SEPTEMBER 24, 2006	SEPTEMBER 25, 2005
Net sales	\$ 169,944	\$ 183,102
Cost of sales	160,904	174,699
Selling, general & administrative expenses	11,289	10,487
Provision for bad debts	1,610	527
Interest expense	6,065	4,777
Interest income	(444)	(1,281)
Other (income) expense, net	(479)	(853)
Equity in (earnings) losses of unconsolidated affiliates	1,949	(1,824)
Write down of long-lived assets	1,200	1,500
Restructuring charges	--	29
	-----	-----
Loss from continuing operations before income taxes and extraordinary item	(12,150)	(4,959)
Benefit from income taxes	(1,133)	(152)
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Loss from continuing operations before extraordinary item	(11,017)	(4,807)
Income (loss) from discontinued operations, net of tax	(36)	1,929
Extraordinary loss - net of taxes of \$0	--	(208)
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Net loss	\$ (11,053)	\$ (3,086)
	=====	=====
Earnings (losses) per common share (basic and diluted):		
Net loss - continuing operations	\$ (0.21)	\$ (0.09)
Net income (loss) - discontinued operations	--	0.03
Extraordinary loss	--	--
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Net loss	\$ (0.21)	\$ (0.06)
	=====	=====
Average basic and diluted shares outstanding	52,198	52,127

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UNIFI, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In Thousands)

	SEPTEMBER 24, 2006 ----- (Unaudited)	JUNE 25, 2006 -----
ASSETS		
Cash and cash equivalents	\$ 29,516	\$ 35,317
Receivables, net	90,958	93,236
Inventories	115,513	116,018
Deferred income taxes	12,774	11,739
Assets held for sale	15,419	15,419
Other current assets	7,319	9,229
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Total current assets	271,499	280,958
Property, plant and equipment	229,709	239,696
Investments in unconsolidated affiliates	187,444	190,217
Other noncurrent assets	22,805	21,766
	-----	-----
	\$711,457	\$732,637
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 55,788	\$ 68,916
Accrued expenses	25,525	23,869
Income taxes payable	2,619	2,303
Current maturities of long-term debt and other current liabilities	5,563	6,330
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Total current liabilities	89,495	101,418
Long-term debt and other liabilities	203,980	202,405
Deferred income taxes	44,710	45,861
Shareholders' equity	373,272	382,953
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	\$711,457	\$732,637
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UNIFI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In Thousands)

	FOR THE QUARTERS ENDED	
	SEPTEMBER 24, 2006	SEPTEMBER 25, 2005
Cash and cash equivalents at beginning of period	\$ 35,317	\$ 105,621
Operating activities:		
Net loss	(11,053)	(3,086)
Adjustments to reconcile net loss to net cash used in continuing operating activities:		
(Income) loss from discontinued operations	36	(1,929)
Net (income) loss of unconsolidated equity affiliates, net of distributions	1,949	(694)
Depreciation	11,124	12,357
Amortization	276	321
Net (gain) loss on asset sales	240	(319)
Non-cash write down of long-lived assets	1,200	1,500
Non-cash portion of restructuring charges	--	29
Deferred income tax	(2,597)	(1,200)
Provision for bad debts	1,610	527
Other	807	1,647
Change in assets and liabilities, excluding effects of acquisitions and foreign currency adjustments	(7,944)	(10,146)
Net cash used in continuing operating activities	(4,352)	(993)
Investing activities:		
Capital expenditures	(1,480)	(3,903)
Acquisition	--	(15,331)
Investment in foreign restricted assets	--	167
Collection of notes receivable	116	110
Change in restricted cash	--	2,766
Proceeds from sale of capital assets	3	2,239
Return of capital from equity affiliates	229	--
Other	--	(197)
Net cash used in investing activities	(1,132)	(14,149)
Financing activities:		
Payment of long-term debt	--	(24,407)
Other	(417)	461
Net cash used in financing activities	(417)	(23,946)
Cash flows of discontinued operations:		
Operating cash flow	63	574
Investing cash flow	--	22,937
Net cash provided by discontinued operations	63	23,511
Effect of exchange rate changes on cash and cash equivalents	37	700
Net decrease in cash and cash equivalents	(5,801)	(14,877)
Cash and cash equivalents at end of period	\$ 29,516	\$ 90,744

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CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements included herein contain forward-looking statements within the meaning of federal security laws about Unifi, Inc.'s (the "Company") financial condition and results of operations that are based on management's current expectations, estimates and projections about the markets in which the Company operates, as well as management's beliefs and assumptions. Words such as "expects," "anticipates," "believes," "estimates," variations of such words and other similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in, or implied by, such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's judgment only as of the date hereof. The Company undertakes no obligation to update publicly any of these forward-looking statements to reflect new information, future events or otherwise.

Factors that may cause actual outcome and results to differ materially from those expressed in, or implied by, these forward-looking statements include, but are not necessarily limited to, availability, sourcing and pricing of raw materials, pressures on sales prices and volumes due to competition and economic conditions, reliance on and financial viability of significant customers, operating performance of joint ventures, alliances and other equity investments, technological advancements, employee relations, changes in construction spending, capital expenditures and long-term investments (including those related to unforeseen acquisition opportunities), continued availability of financial resources through financing arrangements and operations, outcomes of pending or threatened legal proceedings, negotiation of new or modifications of existing contracts for asset management and for property and equipment construction and acquisition, regulations governing tax laws, other governmental and authoritative bodies' policies and legislation, the continuation and magnitude of the Company's common stock repurchase program and proceeds received from the sale of assets held for disposal. In addition to these representative factors, forward-looking statements could be impacted by general domestic and international economic and industry conditions in the markets where the Company competes, such as changes in currency exchange rates, interest and inflation rates, recession and other economic and political factors over which the Company has no control. Other risks and uncertainties may be described from time to time in the Company's other reports and filings with the Securities and Exchange Commission.

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